

Report to the
Senate Appropriations Committee on Health and Human Services,
The House of Representatives Appropriations Subcommittee on Health and
Human Services and the Fiscal Research Division

Report on

Long-Term Plan for Meeting Mental Health, Developmental Disabilities and
Substance Abuse Services Needs

SL 2005-276
Senate Bill 622

Section 10.24(a)

March 1, 2006

North Carolina Department of Health and Human Services
Division of Mental Health, Developmental Disabilities and
Substance Abuse Services

Report on the Development of the Long-Term Plan for Meeting Mental Health, Developmental Disabilities and Substance Abuse Services Needs

March 1, 2006

Session Law 2005-276 calls for the development of a Long-Term Plan for Meeting Mental Health, Developmental Disabilities and Substance Abuse Services Needs. The Department of Health and Human Services (Department) presents this report on the implementation of Section 10.24. (a)-(c).

Section 10.24.(a) *The Secretary of the Department of Health and Human Services in consultation with interested advocacy groups and affected State and local agencies, develop a long-range plan for addressing the mental health, developmental disabilities, and substance abuse service needs of the State. The plan shall be consistent with the plan developed pursuant to G.S. 122C-102 and shall address the following:*

- 1. The services needed at the community level within each LME in order to ensure an adequate level of services to the average number of persons needing the services based on population projections.*
- 2. The full continuum of services needed for each disability group within a local management entity (LME), including:*
 - a. Which services could be regional or multi-LME based;*
 - b. What percent of the population each LME would expect to use state-level facilities; and*
 - c. An inventory of existing services within each LME for each disability group, and the gaps that exists*
- 3. Projected growth in services for each disability group within each LME or region that can reasonably be managed over the ensuing five-year period; and*
- 4. Projected start-up costs and the total funding needed in each year from the Trust Fund for Mental Health, Developmental Disabilities and Substance Abuse Services and Bridge Funding Needs to implement the long-range plan.*

In order to develop the long- range plan to address areas identified in Section 10.24 (a), the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities and Substance Abuse Services (Division) released a Request for Proposal (RFP) for a vendor to undertake a study to develop a long range plan for meeting the mental health, developmental disabilities and substance abuse needs. A copy of the Request for Proposal # 30-MH-3065-06 is attached to this report.

To facilitate completion of the Long-Range Study in a timely manner and to make sure that all of the parties involved have a clear understanding of expectations, the RFP

outlined responsibilities for staff of the Division as well as requirements for staff of the vendor. These responsibilities and requirements are:

Responsibilities of the North Carolina Division of Mental Health, Developmental Disabilities and Substance Abuse Services

1. The Director of DMH/DD/SAS will appoint a Steering Committee made up of Division leadership, stakeholders and staff that have expertise and represent a broad knowledge base to assist and provide guidance to the contractor as needed.
2. The Division will make available to the Contractor information regarding current funding for mental health, developmental disabilities and substance abuse system within North Carolina.
3. The Division will provide the contractor with previous studies of the North Carolina public mental health, developmental disabilities and substance abuse service system.
4. The Division will provide the contractor with the initial *State Plan 2001: Blueprint for Change* and each annual update.
5. The Division will provide the contractor with any work products produced by the Division that have been developed to implement reform.
6. The Division will provide the contractor with service definitions and rates and other information on other service definitions currently under review or being considered for subsequent review.
7. The Division will provide the contractor with copies of the North Carolina General Statutes, rules of the North Carolina Administrative Code and relevant policies as identified.
8. The Division will provide the contractor with data or access to databases of relevant information including :
 - NC TOPPS.
 - The Client Data Warehouse.
 - Integrated Payment and Reporting System (IPRS).
 - Medicaid claims.
 - Report on Modeling Costs for the LME by Pareto Solutions.
 - Other data as needed.
9. Contractor will also have access to staff within the Division of MH/DD/SAS in order to provide clarity around the implementation of our system reform

efforts. In addition, the Division will facilitate access to LME staff upon request from contractor.

Requirements of the Selected Vendor (Contractor)

Staff of the Division will work with the Contractor to optimize the efficiency and quality of the research and analysis performed to complete the long range study. The Contract Administrator will provide feedback to the Contractor on a regular basis as defined by the Executive Leadership Team of the Division.

The following deliverables must be provided by the contractor at the time noted in order to complete this study in a timely manner that enables the Division to use the information gathered to report to the NC General Assembly.

A. Work plan that describes how the contractor will undertake and complete all requirements in order to complete the study in the time period outlined. This deliverable is due within thirty days after all parties have signed the contract. The contract was signed and released on February 23, 2006.

B. Principle staff performing work to develop the long range study must attend a **monthly meeting and provide a report** to the Project Steering Committee and the Executive Leadership of the Division. The meeting will be held at the Division's central office located at 325 N. Salisbury Street, Raleigh, North Carolina. An initial telephone conference was held on February 23, 2006 to discuss the scope of the project.

C. Prepare an **interim written report** by March 1, 2006 for delivery to the Legislative Oversight Committee, Project Steering Committee and the Executive Leadership of the Division. This interim report shall identify projected start up costs and funding needed to implement the long range plan. The interim report must be presented orally and in writing to the Legislative Oversight Committee. This deliverable will be rescheduled due to the time expended advertising the RFP, selecting a vendor and signing and releasing the contract. This was communicated to the Chairs and members of the Legislative Oversight Committee on Mental Health, Developmental Disabilities and Substance Abuse Services on February 16, 2006.

D. Deliver to the Division by June 30, 2006 a **final report** that includes the long-range plan and the methodology and tools used to generate the plan. The methodology and tools may be used by the Division in the future to recalculate the results as projections or assumptions change year to year. Methodology and tools must be developed using current evidence-based research studies to support all work.

The request for proposal was advertised for four weeks. During this time the Department released an addendum to the RFP to address questions raised by vendors who needed additional information. The Department received proposals from three vendors. A Long-Range Plan Evaluation Team was initiated to evaluate and select a vendor. The Evaluation team consisted of three Section Chiefs, the Planning Team Leader and a staff

member from the Resource and Regulatory Section. The three vendors who submitted proposals were 1) Ivan Walks and Associates, 2) Christina Thompson, Ph.D./Heart of the Matter and 3) Navigant Consulting, Inc. The evaluation criteria as outlined in the RFP consisted of a maximum of 70 points for the Technical Proposal and a maximum of 30 points on the Cost Proposal. These criteria are outlined on the following table:

Technical Proposal	Points
Experience in conducting similar studies of public sector delivery of mental health, developmental disabilities, and substance abuse services at the state and local level	20
Understanding the key objectives of the project	15
Approach to the completion of the study including methodology to be employed, work plan to be followed, concepts to be emphasized, issues to be addressed, and resources to be used	20
Staffing resources that will be assigned to the study including: <ul style="list-style-type: none"> Reasonable combination of experience levels and areas of expertise Use of unique resources for specific areas, organizations and disciplines involved Adequate time commitment of senior management and technical and business specialists <ul style="list-style-type: none"> Capability, including proven track record, to ensure the successful completion of the projects described in the RFP Proven ability to meet qualifications, financial stability and credentials described in this RFP 	15
Maximum Technical Proposal	70
Cost Proposal	30
Total Points	100

The proposal submitted by Ivan Walks and Associates was incomplete, thus making it difficult to provide a comprehensive evaluation and rating. The results of the Long Range Plan Evaluation Team's formal scoring were:

	Ivan Walks & Associates			Christina Thompson, Ph.D./Heart of the Matter			Navigant Consulting, Inc.		
Long Range Plan Evaluation Team Member:	TC	Cost	Total	TC	Cost	Total	TC	Cost	Total
Voting Member 1	12	0	12	67	30	97	57	18	75
Voting Member 2	10	0	10	68	30	98	66	18	84
Voting Member 3	0	0	0	67	30	97	65	18	83
Voting Member 4	25	0	25	60	30	90	63	18	81
Voting Member 5	0	0	0	68	30	98	66	18	84
Total Scoring	47	0	47	330	150	480*	317	90	407
*Selected Vendor									

The Long Range Plan Evaluation Team selected Christina Thompson, Ph.D./Heart of the Matter to perform the services. This selection was based on a formal vote. As the results demonstrate the evaluators scored the Technical Components fairly equally between the two vendors that submitted complete proposals. This would seem appropriate as these two vendors have experience undertaking the type of analysis and planning outlined in the RFP. From the stand point of each of the evaluators, they agreed that the Department and Division could expect a complete and valuable product from either vendor. The evaluators were impressed with the quality, mix (Programmatic and Budget/Finance) and experience of the staff that Christina Thompson, Ph.D./Heart of the Matter would assign to work on this project. The evaluation team felt that Christina Thompson, Ph.D./Heart of the Matter and the subcontractor listed in the RFP had an abundance of experience and knowledge about mental health, developmental disabilities and substance abuse reform and the process and experiences of North Carolina. It was also agreed from talking to references that the Department and Division could expect from Christina Thompson, Ph.D./Heart of the Matter a good working partner to develop the requirements as outlined in the RFP.

The determining factor came down to the prices quoted in the proposals. Christina Thompson, Ph.D./Heart of the Matter's bid was \$176,965 versus Navigant Consulting Inc.'s bid of \$264,778. Both bids were within the estimated budget that the Division had established for this initiative. The Navigant Consulting Inc.'s total cost breakdown was roughly \$87,000 higher than that of Christina Thompson, Ph.D./Heart of the Matter thus, Christina Thompson, Ph.D./Heart of the Matter was awarded 20 points by each evaluator and Navigant Consulting, Inc. received 18 points.

The Division has accepted the proposal and requested approval to contract with Christina Thompson, Ph.D./Heart of the Matter in the amount of \$176,965. The effective date of the contract is February 15, 2006 to June 30, 2006 with an option to extend the contract if needed.

Section 10.24.(b) *The Department shall use not less than fifty percent (50%) of moneys in the Trust Fund established pursuant to G.S. 143-15D for the 2005-2006 fiscal year for nonrecurring start-up funds for community-based services, including funding for existing area program services to transition to the private sector or to another public service agency. Moneys in the Trust Fund may be used to expand recurring community-based services only if sufficient recurring funds can be identified within the Department from funds currently budgeted for mental health, developmental disabilities and substance abuse services, are mental health programs or county programs, or local government.*

The Department has submitted for state fiscal year 2006 the Mental Health Fund (MHTF) Utilization Plan. The Utilization Plan request \$24,710,810 and has \$12,355,405 identified for the 50% community capacity compliance identified in Section 10.24.(b) [\$24,710,810 (x) 50%]. A copy of the state fiscal year 2006 MHTF Utilization Plan is attached to this report.

Section 10.24.(c) *Not later than March 1, 2006, the Department of Health and Human Services shall report on the implementation of this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.*

This serves as a report on the implementation of this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

**STATE OF NORTH CAROLINA
REQUEST FOR PROPOSALS**

RFP #30-MH-3065-06

TITLE: Study to Develop a Long-Range Plan for Meeting Mental Health, Developmental Disabilities and Substance Abuse Services Needs

USING AGENCY: NC Department of Health and Human Services
Division of Mental Health, Developmental Disabilities and
Substance Abuse Services

ISSUING AGENCY: NC Department of Health and Human Services
Office of Procurement and Contract Services
801 Ruggles Drive, Hoey Building
Raleigh, NC 27603
Telephone: 919/855-4080

ISSUE DATE: December 12, 2005

Sealed Proposals subject to the conditions made a part hereof shall be received until **5:00 p.m. on January 12, 2006**, for furnishing services described herein.

Direct all inquiries concerning this RFP to:

Susan W. Lewis, Assistant Director
NC Department of Health and Human Services
Office of Procurement and Contract Services
Raleigh, NC 27603
e-mail susan.lewis@ncmail.net

MAILING INSTRUCTIONS: Indicate firm name and RFP number on the front of each sealed proposal envelope or package, along with the date for receipt of proposals specified above. Include two (2) originals, fully executed bid documents and ten (10) hard copies. Proposals shall not be accepted by electronic means.

Send proposal to the applicable address below: The address must appear on the envelope or package as shown below:

DELIVERED BY US POSTAL SERVICE	DELIVERED BY ANY OTHER MEANS
RFP NO. <u>30-MH-3065-06</u> NC Department of Health & Human Services Office of Procurement & Contract Services 2008 Mail Service Center Raleigh, NC 27699-2008	RFP NO. <u>30-MH-3065-06</u> NC Department of Health & Human Services Office of Procurement & Contract Services 801 Ruggles Drive, Hoey Building Raleigh, NC 27603-2001

WRITTEN QUESTIONS are to be submitted via e-mail to susan.lewis@ncmail.net no later than **2:00 pm, December 16, 2005**. Only written answers to submitted questions will constitute an official answer. A summary of all questions and answers shall be posted as an addendum on the State's IPS web site within 2-3 business days. See <http://www.ips.state.nc.us/ips/pubmain.aspbid#>

NOTICE TO OFFERORS:

- Offerors are cautioned that requirements of this RFP can only be altered by written addenda and verbal communications from whatever sources are of no effect.
- Definition: The phrases "Request for Proposal," "RFP," "IFB" and "Invitation for Bid" may be used interchangeably in this solicitation. The words "proposal" and "bid", and the words "offeror" and "Vendor" may also be used interchangeably herein.
- All proposals are subject to the provisions of the Request for Proposals for Bid, Terms and Conditions, Specifications and General Instructions. The State objects to and will not evaluate or consider any additional terms and conditions submitted with an offeror's response. Do not attach any additional terms and conditions. By execution and delivery of this document, the bidder agrees that any additional terms and conditions, whether submitted purposely or inadvertently, shall have no force or effect.
- This is not an e-procurement solicitation. General information on NC E-Procurement service can be found at <http://eprocurement.ncgov.com>. However, within two (2) days after notification of award of a contract, the Vendor must register in NC E-Procurement @ Your Service <http://Vendor.ncgov.com>.

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SECTION I. INTRODUCTION

A. Intent/Purpose of RFP

Pursuant to Section 10.24.(a) of Senate Bill 622 of Session Law 2005-276, the Division of Mental Health, Developmental Disabilities and Substance Abuse Services is coordinating a comprehensive study to develop a long-range plan for addressing the mental health, developmental disabilities and substance abuse services needs of the State. As stated in the Senate Bill, the long range plan shall be consistent with the plan developed pursuant to G.S. 122C-102, and shall address all of the following:

1. The services needed at the community level within each LME in order to ensure an adequate level of services to the average number of persons needing the services based on population projections.
2. The full continuum of services needed for each disability group within a local management entity (LME), including:
 - a. Which services could be regional or multi-LME based;
 - b. What percent of the population each LME would expect to use state-level facilities; and
 - c. An inventory of existing services within each LME for each disability group, and the gaps that exist.
3. Projected growth in services for each disability group within each LME or region that can reasonably be managed over the ensuing five-year period; and
4. Projected start-up costs and the total funding needed in each year from the Trust Fund for Mental Health, Developmental Disabilities and Substance Abuse Services and Bridge Funding Needs to implement the long-range plan.

In coordinating this study, the Division of Mental Health, Developmental Disabilities and Substance Abuse Services is seeking a contractor with expertise in the structure, administration and program operations of community-based mental health / developmental disabilities / substance abuse services (MH/DD/SAS).

B. Background

DESCRIPTION OF THE STATE SERVICE SYSTEM

1. The North Carolina Department of Health and Human Services (DHHS)

The North Carolina Department of Health and Human Services is the largest agency in state government responsible for ensuring the health, safety and well being of all North Carolinians, providing for the human service needs of people with mental illness, developmental disabilities and substance abuse problems and helping those living in poverty to achieve economic independence. The Department touches the lives of virtually every North Carolinian from birth to old age through prenatal programs, child development programs and adult care home regulation.

Administratively, DHHS is divided into 24 divisions and offices, 19 facilities and the Town of Butner, which all fall under four broad service categories-administration, support, health and human services. The Department is responsible for a number of broad policy initiatives affecting large numbers of North Carolinians.

DHHS is under the leadership of a Secretary who is appointed by the Governor, is exempt from the State Personnel Act and is a member of the Governor's Cabinet. The Office of the Secretary is responsible for providing leadership, guidance, direction and management. There are over 18,000 employees of the Department and its budget represents roughly 20% of the state's total budget.

2. The Division of Mental Health, Developmental Disabilities and Substance Abuse Services (DMH/DD/SAS)

The North Carolina Division of Mental Health, Developmental Disabilities and Substance Abuse Services establishes, provides, oversees and advocates for programs or prevention, treatment/care and education of people with mental health, developmental disabilities or substance abuse problems. The Division's mission is:

"North Carolina will provide people with, or at risk of, mental illness, developmental disabilities and substance abuse problems and their families the necessary prevention, intervention, treatment, services and supports they need to live successfully in communities of their choice".

The Division's Central Administration consists of the Director's Office and five sections organized along functional lines. The five sections of the Division are State Operated Services, Community Policy Management, Resource/Regulatory Management, Advocacy and Customer Service and Operations Support. The Division is further organized into teams, each of which is responsible for a particular substantive and technical area of expertise. The teams work with and across sections to accomplish goals.

The Division's state facilities consist of four regional psychiatric hospitals, four developmental centers, three substance abuse treatment centers, a specialty nursing facility for mentally ill consumers, a specialty nursing facility for consumers with developmental disabilities and two residential facilities for children with emotional disturbances.

At the local level, the Division, before enactment of the reform legislation provided mental health services through a network of area/county programs that covered the state's 100 counties. With initiation of the reform efforts, major systems change is underway at the local level to consolidate the current configuration of area/county programs that previously functioned as service providers. Under reform the role of these area programs is changing from service provider to service manager as they become local management entities (LMEs). As LMEs, they develop community capacity through service provider contracts, expand partnerships with formal and informal community organizations and engage individuals with disabilities in planning and policy implementation. LMEs are expected to divest to the greatest extent possible of service delivery. The management functions that they engage in include: general administration, business management and accounting, claims processing, information management and analysis, provider relations and support, access screening/triage/referral, service management, consumer affairs/satisfaction, quality management and outcomes evaluation. As of July 1, 2005, the number of area/county programs has been reduced from 39 to 33. Of the 33 programs, 29 are certified LMEs.

3. Transformation of the Mental Health, Developmental Disabilities and Substance Abuse Services System

The North Carolina General Assembly during the 2000 Legislative Session established the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities and Substance Abuse Services (LOC) to oversee system reform. The LOC created the mental health reform bill, House Bill 381: An Act to Phase in Implementation of Mental Health System Reform at the State and Local Level, which was signed by Governor Michael F. Easley on October 15, 2001.

That legislation is the basis for the **State Plan 2001: Blueprint for Change**. As the first document in the series, it set the foundation for the first major reform in North Carolina's MH/DD/SA service system in more than thirty years.

State Plan 2001 centered on establishing an understanding of reform to focus the state's limited resources on those who are the most severely disabled. Subsequent state plans, which continued to center around North Carolina's system reform efforts, are key in providing the framework for this study. Key issues outlined in each plan were:

- State Plan 2002--Included annual updates, contained technical documents describing business plans for the state and local service systems, provided an overview of the Division's reorganization, staff competencies, and a quarterly report to the Legislative Oversight Committee.
- State Plan 2003--Addressed the challenges of managing change presenting an overview of developments to date as well as a broad presentation of developments to occur during state fiscal year 2004-2005.

- State Plan 2004--Reiterated the foundations of the reform efforts, reported on system accomplishments and outlined an operations plan that included all of the major tasks and issues to be addressed in state fiscal year 2004-2005.
- State Plan 2005--Addressed four areas that are fundamental to reform. These are person-centered planning, quality management, cultural competence and evidence based, emerging and promising practices. Finally, the plan reports on the goals and key initiatives that will undertaken during state fiscal year 2005-2006

UPDATE ON SYSTEM TRANSFORMATION ACTIVITIES

Over the past four years, the Division has continued to develop the infrastructure needed to transform the community system, the participation of consumer and families in reform, state facilities, child services, the partnership with other state agencies, community education and the workforce and information technology and services.

1. Transformation of the Community System

During state fiscal year 2004-2005, the Department of Health and Human Services (DHHS), the N.C. Council of Community Programs (NCCCP) and the N.C. Association of County Commissioners (NCACC) negotiated a statewide performance contract between DHHS and LMEs. The contract continues to evolve as LMEs transition to full local managers of services and public policy through new performance expectations and measures.

House Bill 381 requires the Secretary of DHHS to develop a catchment area consolidation plan of no more than 20 area authorities/county programs. The completed consolidation plan was submitted in February 2005 to the Joint Legislative Oversight Committee on MH/DD/SAS, the Governor and each Board of County Commissioners. In recognition of the significant changes taking place in the system and the right of a county to manage its own program, DHHS does not believe it is possible or prudent to force consolidation of programs that do not choose to merge voluntarily. There are issues other than population or geographic size that can affect the ability of a program to fulfill its obligations as an LME. DHHS recommended that over time the right sizing of the community system will occur without need to force consolidations.

In March 2005, the Division published Communication Bulletin #35¹ that provides guidance on the development of community-based crisis stabilization services and that clarifies the relationship of local crisis services to an LME's responsibility for access/screening/triage/referral. A flowchart illustrates the process. By clarifying expectations about the provision of local crisis services, the Division also addressed the expected role of state operated facilities as a safety net for brief hospital or crisis unit stays.

Key strategies for building community capacity include transferring funding to communities as a result of downsizing of state operated facilities and ensuring decent, safe and affordable housing for persons with mental illness, developmental disabilities and/or substance abuse disorders. Housing is directly related to a community system's ability to provide the depth and range of services needed. LMEs must assure that housing needs are included through their administrative structures or through contracts with housing resource development organizations to develop housing/residential capacity within the geographic area. Additional key initiatives of the Division include transportation and employment for the clients we serve.

Service definitions and rates are crucial components in developing local capacity and continue to be a major focus of transformation. This includes the approved comprehensive CAP-MR/DD waiver and the self-directed services waiver that promotes the ability of individuals to live in communities of their choice, lift fiscal limits, and provide natural and flexible supports for the individual. These have been submitted to the federal Centers for Medicare and Medicaid Services (CMS) for approval.

The enhanced benefit service definition package is for persons with complicated service needs including access to service 24/7/365 and beginning with the first contact with a provider. Initial treatment or service occurs at the time a

¹ See the DMH/DD/SAS web site: <http://www.dhhs.state.nc.us/mhddsas/>

diagnostic assessment is ordered and the person-centered planning begins. Changes that are reflected in the new or modified service definitions reflect evidence based best practices and emerging or promising practices. All services include utilization review guidelines and requirements for staff, training, accreditation and response to consumer crises. There are new services for children and expanded services for substance abuse treatment. The Division is committed to supporting and serving citizens through changes in the service definitions that reflect models of best practice and provider qualifications. These service definitions have been submitted to CMS for approval.

2. Transformation of State Facilities

DHHS has committed to the construction of a new regional psychiatric hospital in Butner, N.C. The 432 bed facility will service persons who need inpatient psychiatric services in both the north and south central regions of the state. Dorothea Dix Hospital in Raleigh and John Umstead Hospital in Butner continue to provide services and will continue to downsize until remaining patients and admissions can be accommodated in the new facility. Construction is expected to be completed by late summer of 2007.

The Division is transforming the alcohol and drug abuse treatment centers (ADATCs) to increase acute capacity and divert involuntary substance abuse commitments from the state psychiatric hospitals. ADATCs will provide medically monitored detoxification, crisis stabilization and short-term treatment to prepare adults with substance abuse problems for ongoing community-based recovery services. Strategic planning is in process with the ADATCs to introduce evidence based treatment models and protocols for individuals who are unable to stabilize and initiate treatment in the community.

Efforts continue to downsize the four state operated psychiatric hospitals and distribute trust fund monies to community programs. The Division is working with LMEs on a multi-year bed day allocation plan that accounts for beds closed by downsizing. A three-year pilot is examining the need for and effectiveness of a specialized rate structure to support psychiatric patients in community skilled nursing facilities. The North Carolina Special Care Center (NCSCC) has undergone renovations to open an additional 20 bed unit and further renovations can allow expansion of up to 47 beds for skilled nursing care.

The Division has continued its efforts to downsize the developmental centers by working closely with consumers who are interested in receiving community services, their families, LMEs and providers. A request for information was developed to gauge the interest of providers in supporting this effort and to try and move this initiative forward.

C. Definitions

ADATCS	Alcohol and Drug Abuse Treatment Centers
CDW	Client Data Warehouse
DHHS	Department of Health and Human Services
IPRS	Integrated Payment and Reporting System
LME	Local Management Entity
NC TOPPS	NC Treatment Outcomes and Program Performance System
NCSCC	North Carolina Special Care Center
NCCCP	NC Council of Community Programs
NCACC	NC Association of County Commissioners
CAP-MR/DD	Community Alternatives Program –Mental Retardation-Developmental Disabilities
LOC	Legislative Oversight Committee
CMS	Centers for Medicare and Medicaid Services
HEARTS	Healthcare Enterprise Accounts Receivable Tracking System

SECTION II. SCOPE OF WORK

The State is issuing this RFP for assistance in developing the long-range plan as requested by the North Carolina General Assembly. In consultation with interested advocacy groups and affected state and local agencies, the Secretary of the Department of Health and Human Services (DHHS) is to develop a long-range plan for addressing the mental health, developmental disabilities and substance abuse services needs of the State.

The Division of Mental Health, Developmental Disabilities and Substance Abuse Services will retain overall responsibility for management of the development of the plan. To this end, the Division Director will appoint a steering committee made up of Division leadership, stakeholders and staff who have expertise and represent a broad knowledge base to assist and provide guidance to the contractor. The Division will coordinate the work of its staff with the contractor retained pursuant to this RFP and prepare the reports required by Section 10.24. (a) of Senate Bill 622 of Session Laws 2205-276.

The contractor will prepare a long-range plan for the North Carolina Department of Health and Human Services' Division of Mental Health, Developmental Disabilities and Substance Abuse Services that addresses the following requirements. The long-range plan must address continuum services, gaps in services, growth in services, paying special attention to Crisis Services. The long-range plan must be based on a five-year projection beginning no earlier than July 1, 2006.

A. Population in need of services

Determines the estimated number of persons needing services based on population projections for each age by disability group by county.

B. Continuum of Services

1. Determines the full continuum of services needed for each age by disability group within each county and LME.
2. Determines the services needed by volume and type by county within each LME in order to ensure an adequate level of services for the estimated number of persons needing the services based on population projections.
3. Determines which services should be LME based, multi LME-based or regionally based.
4. Determines what portion of each age by disability group that each LME would expect to use State-level facilities.

C. Gaps in Services

1. Determines an inventory of existing services within each LME for each age by disability group.
2. Identifies where local services provided by other state agencies overlap with the services provided by LMEs. These include local services of social services, public health, vocational rehabilitation, public instruction, juvenile justice, prisons and home financing.
3. Determines the gaps in services that exist within each LME for each age by disability group.

D. Growth in Service

Identifies the projected growth in services for each age by disability group within each LME or region that can reasonably be managed over the ensuing five year period.

E. Start up Costs and Total Funding Needed for the MH/DD/SA System

The long range plan shall identify the projected start up costs and total funding needed each year from the Mental Health/Developmental Disabilities/Substance Abuse Services Trust Fund and Bridge Funding needs to implement the long range plan.

F. Responsibilities of the North Carolina Division of Mental Health, Developmental Disabilities and Substance Abuse Services

1. The Director of DMH/DD/SAS will appoint a Steering Committee made up of Division leadership, stakeholders and staff that have expertise and represent a broad knowledge base to assist and provide guidance to the contractor as needed.
2. The Division will make available to the Contractor information regarding current funding for mental health, developmental disabilities and substance abuse system within North Carolina.
3. The Division will provide the contractor with previous studies of the North Carolina public mental health, developmental disabilities and substance abuse service system.
4. The Division will provide the contractor with the initial ***State Plan 2001: Blueprint for Change*** and each annual update.
5. The Division will provide the contractor with any work products produced by the Division that have been developed to implement reform.
6. The Division will provide the contractor with service definitions and rates and other information on other service definitions currently under review or being considered for subsequent review.
7. The Division will provide the contractor with copies of the North Carolina General Statutes, rules of the North Carolina Administrative Code and relevant policies as identified.
8. The Division will provide the contractor with data or access to databases of relevant information including :
 - NC TOPPS.
 - The Client Data Warehouse.
 - Integrated Payment and Reporting System (IPRS).
 - Medicaid claims.
 - Report on Modeling Costs for the LME by Pareto Solutions.
 - Other data as needed.
9. Contractor will also have access to staff within the Division of MH/DD/SAS in order to provide clarity around the implementation of our system reform efforts. In addition, the Division will facilitate access to LME staff upon request from contractor.

SECTION III. Requirements of the Selected Vendor (Contractor)

Staff of the Division will work with the Contractor to optimize the efficiency and quality of the research and analysis performed to complete the long range study. The Contract Administrator will provide feedback to the Contractor on a regular basis as defined by the Executive Leadership Team of the Division.

The following deliverables must be provided by the contractor at the time noted in order to complete this study in a timely manner that enables the Division to use the information gathered to report to the NC General Assembly.

- A. Work plan** that describes how the contractor will undertake and complete all requirements in order to complete the study in the time period outlined. This deliverable is due within thirty days after all parties have signed the contract.
- B.** Principle staff performing work to develop the long range study must attend a **monthly meeting and provide a report** to the Project Steering Committee and the Executive Leadership of the Division. The meeting will be held at the Division's central office located at 325 N. Salisbury Street, Raleigh, North Carolina.
- C.** Prepare an **interim written report** by March 1, 2006 for delivery to the Legislative Oversight Committee, Project Steering Committee and the Executive Leadership of the Division. This interim report shall identify projected start up costs and funding needed to implement the long range plan. The interim report must be presented orally and in writing to the Legislative Oversight Committee.
- D.** Deliver to the Division by June 30, 2006 a **final report** that includes the long-range plan and the methodology and tools used to generate the plan. The methodology and tools may be used by the Division in the future to recalculate the results as projections or assumptions change year to year. Methodology and tools must be developed using current evidence-based research studies to support all work.

SECTION IV. QUALIFICATION REQUIREMENTS OF OFFERORS

A. Judgment

The Offeror must provide details of any pertinent judgment, criminal conviction, investigation or litigation pending against the Offeror or any of its officers, directors, employees, agents or subcontractors of which the Vendor has knowledge, or a statement that there is none. The Division reserves the right to reject a proposal based on this information.

B. Competency

The Division seeks experienced and capable organization to provide the leadership needed to perform the research and analysis necessary to complete a long range plan in the time frame identified.

Offerors must have been in business at least three (3) years providing the type of analysis and long range-plan development required by the legislation and must demonstrate this ability in their proposals.

Offerors must be an organization specializing in analyzing state agencies' business practices, procedures, processes, issues, and needs and must have large-scale government management experience.

C. Subcontractor's Qualifications

The Contractor shall require subcontractors to comply with all provisions herein. The Contractor shall be held liable for compliance with all duties, functions, credentialing and qualifications required by the RFP, whether performed by the Contractor or a Subcontractor.

SECTION V. PROPOSAL REQUIREMENTS

All proposals must be received by the issuing agency no later than the date and time specified on the cover sheet of this RFP. Each Offeror must provide two (2) originals and ten (10) hard copies of the proposal. Proposals must be submitted in accordance with the requirements of the RFP. Failure to include any required information in the proposal may disqualify a firm as a potential contractor. Proposals are to be submitted in the order described below in and shall be of sufficient detail to describe the following:

A. Technical Component of the Proposal must consist of and be organized as follows:

1. **Signed Execution Page.** Unsigned proposals will not be accepted. (See **Attachment A.**)

2. Corporate Background

- Date established
- Ownership (public company, partnership, subsidiary, parent company)
- Primary business
- Total number of full-time employees
- Number of personnel engaged in projects similar to this project

3. Financial Statement

The Offeror must include the most recent audited financial statement or similar evidence of financial stability.

4. Experience and Qualifications

This section shall contain all pertinent data relating to the offeror's organization, personnel, and experience that would substantiate its qualifications and capabilities to perform the services described in this RFP.

The offeror must have demonstrated competency in performing services defined in this RFP. Specifically, the offeror must demonstrate a successful history of providing similar services for a minimum of three (3) years.

The offeror must describe project experience in North Carolina or other states with similar program operations (i.e. state supervised, county/locally administered) including letters of reference from legislative or other governmental or administrative bodies, which reflect the outcomes of previous projects. Offeror must provide the customer name, reference individual (point of contact), and title, along with the address and telephone number. The customer staff member offered for reference should be the highest ranking staff member who has personal knowledge of the Offeror's performance. A general narrative project description must be included highlighting the Offeror's responsibilities as the Prime Contractor, a Subcontractor or other role. Also include the dates and time period of each project. The Offeror must include the same information on project experience and points of contact for each subcontractor.

The offeror must demonstrate proven experience in and a comprehensive understanding of the special operational issues related to community based mental health/developmental disabilities/substance abuse programs.

The offeror must have demonstrated knowledge and understanding of the service and treatment needs of adult substance abusers to include the planning for community-based detoxification and rehabilitation services.

The offeror must have demonstrated understanding of the service and treatment needs of children and youth who suffer with severe emotional disturbances.

B. Project Staffing and Organization

This section must include the proposed staffing, deployment and organization of key personnel assigned to this project. Include an organizational chart that provides a brief attachment describing the personnel that the offeror proposes to use. Offerors must have the academic background and experience to conduct the qualitative and quantitative analyses and prepare a long-range plan necessary to meet the requirements of this RFP.

Offerors must identify key staff and include resumes for the following type(s) of positions identified in the proposal:

1. A Project Manager who will be responsible for the day to day operations of the study. The Project Manager must have expertise in managing research projects, special studies or the development of long-range plans.

2. A Principle Researcher and any research associates who will work on the development of the long-range plan. The principle researcher must have a minimum of five (5) years experience in data collection, research and analysis in human service organizations.
3. Any personnel with fiscal experience if they are going to be utilized on this project. This would include individuals who have experience as a fiscal officer or analyst, business officer or business manager, budget officer or budget analyst. They must have demonstrated experience performing fiscal analysis, fiscal projections and budget preparation.

C. Cost Proposal

Each offeror is required to provide the cost to complete each requirement of the Proposal as described in the Scope of Work. See **Attachment A. Cost Sheet and Execution of Proposal**

SECTION VI. CONTRACT TERM

A contract awarded pursuant to this RFP shall become effective upon Notice of Award and shall expire on June 30, 2006. The State shall have the option, in its sole discretion, to extend the Contract for one (1) additional year.

SECTION VII. EVALUATION PROCESS

The State shall conduct a comprehensive, fair and impartial evaluation of the proposals received in response to this request. It is the intent to award this contract to a single Vendor. The State reserves the right to reject any and all proposals

An Evaluation Committee shall be established to select a Vendor. The State may designate other professional staff to assist in the evaluation phases. The State reserves the right to alter the composition of the committee or to designate other staff to assist in the process. Other designated staff may act as observers during the evaluation and selection process.

The Offeror's whose combination of technical proposal and cost are deemed to be in the best interest of the State will be recommended as the successful contractor.

Proposals will be evaluated and scored on the following evaluation criteria:

A. Evaluation of Technical Proposal (A maximum score to 70 points)

The State will evaluate the Vendor strengths, capabilities, and experience including corporate background, references, past and current projects, financial soundness, and performance history. The State shall conduct reference checks to verify the accuracy of submitted materials and to ascertain the quality of past performance. The State reserves the right to pursue any references which may assist in completing the proposal evaluation process. Submission of the proposal establishes the Vendor's agreement for the State to make any contacts it deems necessary to confirm the Vendor's experience and performance.

Proposals will be evaluated on the following requirements as described in Sections IV and V:

1. Experience in conducting similar studies of public sector delivery of mental health, developmental disabilities, and substance abuse services at the state and local level. **(Maximum score of 20 points)**
2. Understanding the key objectives of the project. **(Maximum score of 15 points)**
3. Approach to the completion of the study including methodology to be employed, work plan to be followed, concepts to be emphasized, issues to be addressed, and resources to be used. **(Maximum score of 20 points)**
4. Staffing resources that will be assigned to the study including: **(Maximum score of 15 points)**
 - Reasonable combination of experience levels and areas of expertise.
 - Use of unique resources for specific areas, organizations and disciplines involved.
 - Adequate time commitment of senior management and technical and business specialists.
 - Capability, including proven track record, to ensure the successful completion of the projects described in this RFP.
 - Proven ability to meet the qualifications, financial stability and credentials described in this RFP.

B. Evaluation of Cost Proposal (A maximum score of 30 points)

The State will evaluate the Cost Proposal for completeness and reasonableness.

The State may reject any Proposal where the Cost Proposal is incomplete.

C. Determination of Successful Proposal:

1. The offeror whose proposal is deemed to be in the best interest of the State will be recommended as the successful offeror. This offeror will be recommended by the Evaluation Committee to the NC DHHS Office of Procurement and Contract Services with documentation justifying the recommendation.
 2. The NC DHHS Office of Procurement and Contract Services will review the recommendation and forward it (with a copy of the Technical and Cost Proposals) to the North Carolina Department of Administration, Division of Purchase and Contract for review and final approval.
 3. When the final approval is received, the State will notify the selected offeror. In the event the State rejects all proposals, offerors will be notified. The State will post the award on the State website at <http://www.state.nc.us/PandC/>. The posting will be under the RFP number.
- The Contract between the Department and the selected Offeror shall be effective as of the date on which the Department's authorized agent signs the Offeror's proposal. The selected Offeror shall perform no work for the Department before that date.

SECTION VIII. GENERAL INFORMATION ON SUBMITTING PROPOSALS

1. EXCEPTIONS: All proposals are subject to the terms and conditions outlined herein. All responses shall be controlled by such terms and conditions and the submission of other terms and conditions, price lists, catalogs, and/or other documents as part of an offeror's response will be waived and have no effect either on this Request for Proposals or on any contract that may be awarded resulting from this solicitation. Offeror specifically agrees to the conditions set forth in the above paragraph by signature to the proposal.

2. CERTIFICATION: By executing the proposal, the signer certifies that this proposal is submitted competitively and without collusion (G.S. 143-54), that none of our officers, directors, or owners of an unincorporated business entity has been convicted of any violations of Chapter 78A of the General Statutes, the Securities Act of 1933, or the Securities Exchange Act of 1934 (G.S. 143-59.2), and that we are not an ineligible Vendor as set forth in G.S. 143-59.1. False certification is a Class I felony.

3. ORAL EXPLANATIONS: The State shall not be bound by oral explanations or instructions given at any time during the competitive process or after award.

4. REFERENCE TO OTHER DATA: Only information which is received in response to this RFP will be evaluated; reference to information previously submitted shall not be evaluated.

5. ELABORATE PROPOSALS: Elaborate proposals in the form of brochures or other presentations beyond that necessary to present a complete and effective proposal are not desired.

In an effort to support the sustainability efforts of the State of North Carolina we solicit your cooperation in this effort.

6. It is desirable that all responses meet the following requirements:

- All copies are printed **double sided**.
- All submittals and copies are printed on **recycled paper with a minimum post-consumer content of 30%** and indicate this information accordingly on the response.
- Unless absolutely necessary, all proposals and copies should **minimize or eliminate use of non-recyclable or non re-usable materials** such as plastic report covers, plastic dividers, vinyl sleeves, and GBC binding. Three-ringed binders, glued materials, paper clips, and staples are acceptable.
- Materials should be submitted in a format which allows for **easy removal and recycling** of paper materials.

7. COST FOR PROPOSAL PREPARATION: Any costs incurred by offerors in preparing or submitting offers are the offerors' sole responsibility; the State of North Carolina will not reimburse any offeror for any costs incurred prior to award.

8. TIME FOR ACCEPTANCE: Each proposal shall state that it is a firm offer which may be accepted within a period of 90 days. Although the contract is expected to be awarded prior to that time, the 90 day period is requested to allow for unforeseen delays.

9. TITLES: Titles and headings in this RFP and any subsequent contract are for convenience only and shall have no binding force or effect.

10. CONFIDENTIALITY OF PROPOSALS: In submitting its proposal the offeror agrees not to discuss or otherwise reveal the contents of the proposal to any source outside of the using or issuing agency, government or private, until after the award of the contract. Offerors not in compliance with this provision may be disqualified, at the option of the State, from contract award. Only discussions authorized by the issuing agency are exempt from this provision.

11. RIGHT TO SUBMITTED MATERIAL: All responses, inquiries, or correspondence relating to or in reference to the RFP, and all other reports, charts, displays, schedules, exhibits, and other documentation submitted by the offerors shall become the property of the State when received.

12. OFFEROR'S REPRESENTATIVE: Each offeror shall submit with its proposal the name, address, and telephone number of the person(s) with authority to bind the firm and answer questions or provide clarification concerning the firm's proposal.

13. SUBCONTRACTING: Offerors may propose to subcontract portions of the work provided that their proposals clearly indicate what work they plan to subcontract and to whom and that all information required about the prime contractor is also included for each proposed subcontractor.

14. PROPRIETARY INFORMATION: Trade secrets or similar proprietary data which the offeror does not wish disclosed to other than personnel involved in the evaluation or contract administration will be kept confidential to the extent permitted by NCAC T01:05B.1501 and G.S. 132-1.3 if identified as follows: Each page shall be identified in boldface at the top and bottom as "CONFIDENTIAL". Any section of the proposal which is to remain confidential shall also be so marked in boldface on the title page of that section. Cost information may not be deemed confidential. In spite of what is labeled as confidential, the determination as to whether or not it is shall be determined by North Carolina law.

15. HISTORICALLY UNDERUTILIZED BUSINESSES: Pursuant to General Statute 143-48 and Executive Order #150, DHHS invites and encourages participation in this procurement process by businesses owned by minorities, women, disabled, disabled business enterprises and non-profit work centers for the blind and severely disabled.

16. PROTEST PROCEDURES: When an offeror wants to protest a contract awarded pursuant to this solicitation, that is over \$25,000.00, they must submit a written request to the State Purchasing Officer, Division of Purchase and Contract, 116 West Jones Street, Raleigh, NC 27603 or via US Mail to 1305 Mail Service Center, Raleigh, NC 27699-1305. This request must be received by the Division of Purchase and Contract within thirty (30) consecutive calendar days from the date of the contract award, and must contain specific sound reasons and any supporting documentation for the protest. NOTE: Contract award notices are sent only to those actually awarded contracts, and not to every person or firm responding to this solicitation. Contract status and award notices are posted on the internet at <http://www.state.nc.us/pandc/>. Offerors may call (919) 733-2105 to obtain a verbal status of contract award. All protests will be handled pursuant to the North Carolina Administrative Code, Title 1, Department of Administration, Chapter 5, Purchase and Contract, Section 5B.1519.

17. TABULATIONS: The Division has implemented an Interactive Purchasing System (IPS) that allows the public to retrieve bid tabulations electronically from our Internet web site: < <http://www.state.nc.us/pandc/> >. Click on the IPS BIDS icon, click on Search for Bid, enter the RFP number, and then search. Tabulations will normally be available at this web site not later than one working day after opening. Lengthy tabulations may not be available on the Internet, and requests for these verbally or in writing cannot be honored.

18. VENDOR REGISTRATION AND SOLICITATION NOTIFICATION SYSTEM: Vendor Link NC allows Vendors to electronically register free with the State to receive electronic notification of current procurement opportunities for goods and services available on the Interactive Purchasing System. Online registration and other purchasing information are available on our Internet web site: < <http://www.state.nc.us/pandc/> >.

19. RECIPROCAL PREFERENCE: G.S. 143-59 establishes a reciprocal preference law to discourage other states from applying in-state preferences against North Carolina's resident offerors. The Principal Place of Business" is defined as the principal place from which the trade or business of the offeror is directed or managed.

20. LIMIT OF LIABILITY:

Neither the State of North Carolina, nor its employees shall be responsible for any liability claims against the Contractor.

21. PARTIES TO THE CONTRACT:

The parties to this Contract are the North Carolina Department of Health and Human Services and the Contractor selected through this RFP process.

Contract Documents:

The Contract consists of the following documents, incorporated herein by reference:

- (a) The Addenda to this RFP, if any;
- (b) This RFP; and
- (c) The Contractor's Proposal.

Administrators for the Contract:

The Department's contract administrator is named below. The Contractor's contract administrator has been identified in the Contractor's proposal. The contract administrators are the persons to whom notices provided for in this Contract shall be given and to whom matters relating to administration or interpretation of this Contract shall be addressed. Either party may change its administrator or his or her address and telephone number by written notice to the other party.

Contract Administrator for the NC Department of Health and Human Services for all issues regarding day-to-day activities as described in the RFP:

NC DMH/DD/SAS Program Administrator

NAME: Steven E. Hairston

TITLE Chief of the Operations Support Section

AGENCY: NC DHHS

DIVISION: NC DMH/DD/SAS

LOCATION: 325 N. Salisbury Street, Raleigh, North Carolina 27601

Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

3014 Mail Service Center

Raleigh, NC 27699-3019.

PHONE NUMBER: 919-715-2780

EMAIL: Steven.Hairston@ncmail.net

Administrator for the Contractor

SECTION IX. General Terms and Conditions

Relationships of the Parties

Independent Contractor: The Contractor is and shall be deemed to be an independent contractor in the performance of this contract and as such shall be wholly responsible for the work to be performed and for the supervision of its employees. The Contractor represents that it has, or shall secure at its own expense, all personnel required in performing the services under this agreement. Such employees shall not be employees of, or have any individual contractual relationship with, the Division.

Subcontracting: The Contractor shall not subcontract any of the work contemplated under this contract without prior written approval from the Division. Any approved subcontract shall be subject to all conditions of this contract. Only the subcontractors specified in the contract documents are to be considered approved upon award of the contract. The Division shall not be obligated to pay for any work performed by any unapproved subcontractor. The Contractor shall be responsible for the performance of all of its subcontractors.

Assignment: No assignment of the Contractor's obligations or the Contractor's right to receive payment hereunder shall be permitted. However, upon written request approved by the issuing purchasing authority, the State may:

- (a) Forward the Contractor's payment check(s) directly to any person or entity designated by the Contractor, or
- (b) Include any person or entity designated by Contractor as a joint payee on the Contractor's payment check(s).

In no event shall such approval and action obligate the State to anyone other than the Contractor and the Contractor shall remain responsible for fulfillment of all contract obligations.

Beneficiaries: Except as herein specifically provided otherwise, this contract shall inure to the benefit of and be binding upon the parties hereto and their respective successors. It is expressly understood and agreed that the enforcement of the terms and conditions of this contract, and all rights of action relating to such enforcement, shall be strictly reserved to the Division and the named Contractor. Nothing contained in this document shall give or allow any claim or right of action whatsoever by any other third person. It is the express intention of the Division and Contractor that any such person or entity, other than the Division or the

Contractor, receiving services or benefits under this contract shall be deemed an incidental beneficiary only.

Indemnity and Insurance

Indemnification: The Contractor agrees to indemnify and hold harmless the Division, the State of North Carolina, and any of their officers, agents and employees, from any claims of third parties arising out of any act or omission of the Contractor in connection with the performance of this contract.

Insurance: During the term of the contract, the Contractor at its sole cost and expense shall provide commercial insurance of such type and with such terms and limits as may be reasonably associated with the contract. As a minimum, the Contractor shall provide and maintain the following coverage and limits:

- (a) **Worker's Compensation** - The contractor shall provide and maintain Worker's Compensation Insurance as required by the laws of North Carolina, as well as employer's liability coverage with minimum limits of \$500,000.00, covering all of Contractor's employees who are engaged in any work under the contract. If any work is sublet, the Contractor shall require the subcontractor to provide the same coverage for any of his employees engaged in any work under the contract.
- (b) **Commercial General Liability** - General Liability Coverage on a Comprehensive Broad Form on an occurrence basis in the minimum amount of \$1,000,000.00 Combined Single Limit. (Defense cost shall be in excess of the limit of liability.)
- (c) **Automobile** - Automobile Liability Insurance, to include liability coverage, covering all owned, hired and non-owned vehicles used in performance of the contract. The minimum combined single limit shall be \$500,000.00 bodily injury and property damage; \$500,000.00 uninsured/under insured motorist; and \$25,000.00 medical payment.

Providing and maintaining adequate insurance coverage is a material obligation of the Contractor and is of the essence of this contract. The Contractor may meet its requirements of maintaining specified coverage and limits by demonstrating to the Division that there is in force insurance with equivalent coverage and limits that will offer at least the same protection to the Division. All such insurance shall meet all laws of the State of North Carolina. Such insurance coverage shall be obtained from companies that are authorized to provide such

coverage and that are authorized by the Commissioner of Insurance to do business in North Carolina. The Contractor shall at all times comply with the terms of such insurance policies, and all requirements of the insurer under any such insurance policies, except as they may conflict with existing North Carolina laws or this contract. The limits of coverage under each insurance policy maintained by the Contractor shall not be interpreted as limiting the contractor's liability and obligations under the contract.

Default and Termination

Termination Without Cause: The Division may terminate this contract without cause by giving **30 days written notice** to the Contractor. In that event, all finished or unfinished deliverable items prepared by the Contractor under this contract shall, at the option of the Division, become its property and the Contractor shall be entitled to receive just and equitable compensation for any satisfactory work completed on such materials, minus any payment or compensation previously made.

Termination for Cause: If, through any cause, the Contractor shall fail to fulfill its obligations under this contract in a timely and proper manner, the Division shall have the right to terminate this contract by giving written notice to the Contractor and specifying the effective date thereof. In that event, all finished or unfinished deliverable items prepared by the Contractor under this contract shall, at the option of the Division, become its property and the Contractor shall be entitled to receive just and equitable compensation for any satisfactory work completed on such materials, minus any payment or compensation previously made. Notwithstanding the foregoing provision, the Contractor shall not be relieved of liability to the Division for damages sustained by the Division by virtue of the Contractor's breach of this agreement, and the Division may withhold any payment due the Contractor for the purpose of setoff until such time as the exact amount of damages due the Division from such breach can be determined. In case of default by the Contractor, without limiting any other remedies for breach available to it, the Division may procure the contract services from other sources and hold the Contractor responsible for any excess cost occasioned thereby. The filing of a petition for bankruptcy by the Contractor shall be an act of default under this contract.

Waiver of Default: Waiver by the Division of any default or breach in compliance with the terms of this contract by the Provider shall not be deemed a waiver of any subsequent default or breach and shall not be construed to be modification of the terms of this contract unless stated to be such in writing, signed by an authorized representative of the Department and the Contractor and attached to the contract.

Availability of Funds: The parties to this contract agree and understand that the payment of the sums specified in this contract is dependent and contingent upon and subject to the appropriation, allocation, and availability of funds for this purpose to the Division.

Force Majeure: Neither party shall be deemed to be in default of its obligations hereunder if and so long as it is prevented from performing such obligations by any act of war, hostile foreign action, nuclear explosion, riot, strikes, civil insurrection, earthquake, hurricane, tornado, or other catastrophic natural event or act of God.

Survival of Promises: All promises, requirements, terms, conditions, provisions, representations, guarantees, and warranties contained herein shall survive the contract expiration or termination date unless specifically provided otherwise herein, or unless superseded by applicable Federal or State statutes of limitation.

Intellectual Property Rights

Copyrights and Ownership of Deliverables: All deliverable items produced pursuant to this contract are the exclusive property of the Division. The Contractor shall not assert a claim of copyright or other property interest in such deliverables.

Federal Intellectual Property Bankruptcy Protection Act: The Parties agree that the Division shall be entitled to all rights and benefits of the Federal Intellectual Property Bankruptcy Protection Act, Public Law 100-506, codified at 11 U.S.C. 365 (n), and any amendments thereto.

Compliance with Applicable Laws

Compliance with Laws: The Contractor shall comply with all laws, ordinances, codes, rules, regulations, and licensing requirements that are applicable to the conduct of its business, including those of federal, state, and local agencies having jurisdiction and/or authority.

Equal Employment Opportunity: The Contractor shall comply with all federal and State laws relating to equal employment opportunity.

Health Insurance Portability and Accountability Act (HIPAA): The Contractor agrees that, if the Division determines that some or all of the activities within the scope of this contract are subject to the Health Insurance Portability and Accountability Act of 1996, P.L. 104-91, as amended ("HIPAA"), or its implementing regulations, it will comply with the HIPAA requirements and will execute such agreements and practices as the Division may require to ensure compliance.

Confidentiality

Confidentiality: Any information, data, instruments, documents, studies or reports given to or prepared or assembled by the Contractor under this agreement shall be kept as confidential and not divulged or made available to any individual or organization without the prior written approval of the Division. The Contractor acknowledges that in receiving, storing, processing or otherwise dealing with any confidential information it will safeguard and not further disclose the information except as otherwise provided in this contract.

Oversight

Access to Persons and Records: The State Auditor shall have access to persons and records as a result of all contracts or grants entered into by State agencies or political subdivisions in accordance with General Statute 147-64.7. Additionally, as the State funding authority, the Department of Health and Human Services shall have access to persons and records as a result of all contracts or grants entered into by State agencies or political subdivisions.

Record Retention: The Department of Health and Human Services' basic records retention policy requires all records to be retained for a minimum of three years following completion or termination of the contract. If the contract is subject to Federal policy and regulations, record retention will normally be longer than three years since records must be retained for a period of three years following submission of the final Federal Financial Status Report, if applicable, or three years following the submission of a revised final Federal Financial Status Report. Also, if any litigation, claim, negotiation, audit, disallowance action, or other action involving this contract has been started before expiration of the three year retention period described above, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular three year period described above, whichever is later. Therefore, records shall not be destroyed, purged or disposed of without the express written consent of the Division.

Warranties and Certifications

Date and Time Warranty: The Contractor warrants that the product(s) and service(s) furnished pursuant to this contract ("product" includes, without limitation, any piece of equipment, hardware, firmware, middleware, custom or commercial software, or internal components, subroutines, and interfaces therein) that perform any date and/or time data recognition function, calculation, or sequencing will support a four digit year format and will provide accurate date/time data and leap year

calculations. This warranty shall survive the termination or expiration of this contract.

Certification Regarding Collection of Taxes: G.S. 143-59.1 bars the Secretary of Administration from entering into contracts with Vendors that meet one of the conditions of G.S. 105-164.8(b) and yet refuse to collect use taxes on sales of tangible personal property to purchasers in North Carolina. The conditions include: (a) maintenance of a retail establishment or office; (b) presence of representatives in the State that solicit sales or transact business on behalf of the Vendor; and (c) systematic exploitation of the market by media-assisted, media-facilitated, or media-solicited means. The Contractor certifies that it and all of its affiliates (if any) collect all required taxes.

Miscellaneous

Choice of Law: The validity of this contract and any of its terms or provisions, as well as the rights and duties of the parties to this contract, are governed by the laws of North Carolina. The Contractor, by signing this contract, agrees and submits, solely for matters concerning this Contract, to the exclusive jurisdiction of the courts of North Carolina and agrees, solely for such purpose, that the exclusive venue for any legal proceedings shall be Wake County, North Carolina. The place of this contract and all transactions and agreements relating to it, and their situs and forum, shall be Wake County, North Carolina, where all matters, whether sounding in contract or tort, relating to the validity, construction, interpretation, and enforcement shall be determined.

Amendment: This contract may not be amended orally or by performance. Any amendment must be made in written form and executed by duly authorized representatives of the Division and the Contractor. The Purchase and Contract Divisions of the NC Department of Administration and the NC Department of Health and Human Services shall give prior approval to any amendment to a contract awarded through those offices.

Severability: In the event that a court of competent jurisdiction holds that a provision or requirement of this contract violates any applicable law, each such provision or requirement shall continue to be enforced to the extent it is not in violation of law or is not otherwise unenforceable and all other provisions and requirements of this contract shall remain in full force and effect.

Headings: The Section and Paragraph headings in these General Terms and Conditions are not material parts of the agreement and should not be used to construe the meaning thereof.

Time of the Essence: Time is of the essence in the performance of this contract.

Key Personnel: The Contractor shall not replace any of the key personnel assigned to the performance of this contract without the prior written approval of the Division. The term "key personnel" includes any and all persons identified as such in the contract documents and any other persons subsequently identified as key personnel by the written agreement of the parties.

Care of Property: The Contractor agrees that it shall be responsible for the proper custody and care of any property furnished to it for use in connection with the performance of this contract and will reimburse the Division for loss of, or damage to, such property. At the termination of this contract, the Contractor shall contact the Division for instructions as to the disposition of such property and shall comply with these instructions.

Travel Expenses: Reimbursement to the Contractor for travel mileage, meals, lodging and other travel expenses incurred in the performance of this contract shall not exceed the rates published in the applicable State rules. International travel shall not be reimbursed under this contract.

Sales/Use Tax Refunds: If eligible, the Contractor and all subcontractors shall: (a) ask the North Carolina Department of Revenue for a refund of all sales and use taxes paid by them in the performance of this contract, pursuant to G.S. 105-164.14; and (b) exclude all refundable sales and use taxes from all reportable expenditures before the expenses are entered in their reimbursement reports.

Advertising: The Contractor shall not use the award of this contract as a part of any news release or commercial advertising

Attachment A

COST SHEET AND EXECUTION OF PROPOSAL

By submitting this proposal, the potential Contractor certifies the following:

- This proposal is signed by an authorized representative of the firm.
- It can obtain insurance certificates as required within 10 calendar days after notice of award.
- The cost and availability of all equipment, materials, and supplies associated with performing the services described herein have been determined and included in the proposed cost.
- All labor costs, direct and indirect, have been determined and included in the proposed cost.
- The offeror can and will provide the specified performance bond or alternate performance guarantee.
- The potential Contractor has read and understands the conditions set forth in this RFP and agrees to them with no exceptions.
- The offeror is registered in NC E-Procurement @ Your Service or agrees to register within two days after notification of contract award. The E-Procurement Service fee does not apply to this RFP.

Offeror's total cost for providing services described within this RFP: \$ _____

OFFEROR: _____

ADDRESS: _____

CITY, STATE, ZIP: _____

TELEPHONE NUMBER: _____ **FAX:** _____

FEDERAL EMPLOYER IDENTIFICATION NUMBER: _____

E-MAIL: _____

Principal Place of Business if different from above (See General Information on Submitting Proposals, Item 18.):

Will any of the work under this contract be performed outside the United States? ☐ Yes ☐ No
(If yes, describe in technical proposal.)

BY: _____ TITLE: _____ DATE: _____
(Signature)

(Typed or printed name)

ACCEPTANCE OF PROPOSAL

The NC Department of Health and Human Services/Division of MH/DD/SAS

BY: _____ TITLE: _____ DATE: _____

THIS PAGE MUST BE SIGNED AND INCLUDED IN YOUR PROPOSAL.

Unsigned proposals will not be considered.

Attachment B

Where Service Contracts Will Be Performed

In accordance with NC General Statute 143-59.4 (Session Law 2005-169),
this form is to be completed and submitted with the offeror's (technical) proposal/bid.

.....

Issuing Agency: NC Department of Health & Human Services **Solicitation #** RFP-MH-3065-06
Agency Contact Person & E-Mail Address: Susan W. Lewis susan.lewis@ncmail.net
Solicitation Title / Type of Services: "Study to Develop Long-Range Plan MH/DD/SAS"

OFFEROR: _____

City & State: _____

Location(s) from which services will be performed by the contractor:

Service	City/Province/State	Country
_____	_____	_____
_____	_____	_____
_____	_____	_____

Location(s) from which services are anticipated to be performed outside the U.S. by the contractor:

_____	_____	_____
_____	_____	_____

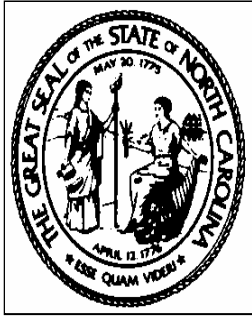
Location(s) from which services will be performed by subcontractor(s):

Service	Subcontractor	City/Province/State	Country
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Location(s) from which services are anticipated to be performed outside the U.S. by the subcontractor(s):

_____	_____	_____	_____
_____	_____	_____	_____

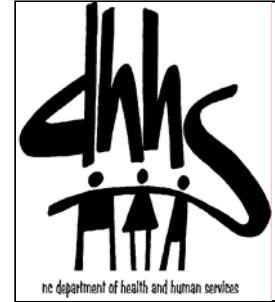
(Attach additional pages if necessary.)



BID ADDENDUM

December 21, 2005

State of North Carolina
Department of Health & Human Services
Office of Procurement & Contract Services



**FAILURE TO RETURN THIS BID ADDENDUM
IN ACCORDANCE WITH INSTRUCTIONS MAY
SUBJECT YOUR BID TO REJECTION**

BID NUMBER: RFP 30-MH-3065-06

SERVICE: "Study to Develop a Long-Range Plan for Meeting
Mental Health, Developmental Disabilities and
Substance Abuse Services Needs"

ADDENDUM NUMBER: 1 - Questions and Answers

PURCHASER: Susan W. Lewis

USING AGENCY: NC Department of Health and
Human Services

OPENING/TIME: 5:00 PM on January 12, 2006

INSTRUCTIONS:

1. Two (2) properly executed copies of this Addendum are to be included with your proposal.
2. This Addendum contains questions from potential offerors and NC DHHS' responses.
3. Execute Addendum:

Bidder: _____

Authorized Signature: _____ Date: _____

Name and Title (Typed or Printed): _____

Questions and Answers

1. Other than the purpose of complying with the provisions of Section 10.24.(a) of Senate Bill 622 of Session Law 2005-276, is there a preference for emphasis in any of the following areas? **Response: It is imperative the contractor address the four areas identified in Section I. Introduction, A Intent/Purpose of the RFP when developing the Long-Range Plan.**
 - 1.1. Organizational and operational issues
 - 1.2. Program policy and service outcomes
 - 1.3. Systems requirements
 - 1.4. Program funding and cost sharing
2. Would the contractor selected for this procurement be prohibited from providing implementation assistance or, is this assistance contemplated in the potential contract renewal option year? **Response: There is no plan at this time to procure assistance with implementation. Implementation of the recommendations set forth in the Long Range Plan will be performed by staff of the NC Division of Mental Health, Developmental Disabilities and Substance Abuse Services. The contractor selected would not be prohibited from seeking additional work from the Division.**
3. Should the work plan be limited to the period through June 30, 2006, or should tasks be shown through June 30, 2007, as well? **Response: The work plan should detail how the contractor would perform task needed in order to complete the study by June 30, 2006.**
4. We have a general concern about the timeframes – We understand that the study goals, deliverables and timeframes are in response to requirements from the General Assembly. We are concerned that it will not be feasible to meet the timeframes with the desired reports. For example, the Interim Report scheduled for delivery March 1, 2006 “shall identify projected start up costs and funding needed to implement the long range plan.” – This would seem to imply that the parts A, B, C, D and E of the scope of work will be essentially complete before March 1, 2006. This seems to be a very brief time frame for database access and analysis, service system modeling, gaps analysis, steering committee input process, etc. Do we understand this requirement correctly? **Response: Yes, the timeframe and requirements have been correctly interpreted. As noted the timeframe and elements of the Long Range Plan are requirements set forth by the General Assembly. Thus, it is imperative that the work plan submitted by the contractor outline the steps needed to complete the study.**
5. Is the specified end date for the project of June 30, 2006 fixed by statute or appropriation, or is there some flexibility with that projected end date if additional time is necessary to complete the study to the Division’s and the General Assembly’s satisfaction? **Response: Section 10.24.(c) of Senate Bill 622 of Session Law 2005-276 mandates that “Not later than March 1, 2006, the Department of Health and Human Services shall report on the implementation of this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division. In recognition of the short timeframe, the Division has already made provision in the RFP for an interim report to be delivered in March with a more comprehensive report to follow.**
6. Under B.4, are you asking for new estimates of state facility use (ADATCs, State Hospitals, State Developmental Centers) beyond what has already been done by the Division and several previous studies - or will those previously established bed day allocations and facility utilization and budget estimates be factored into to the new strategic plan cost estimates? **Response: After a careful analysis of all previous**

and current work the contractor is expected to provide recommendations on expected use of State-level facilities.

7. Under C.2, how much consumer-level service access, utilization and cost data will be available for other local resources such as social services, vocational services, etc.? How important is such data (as opposed to qualitative information) about these service programs? If data is important to the study, what sources of data will be available, on what time frames, and will it be aggregated at the County or LME level?
Response: The Division will work to provide the contractor with all data identified by the contractor in order to complete the Long Range Study. Procurement of data is subject to availability.
8. Are the services included in this RFP follow-up tasks from a current or previous consulting project? If so, would you provide information on the current or previous consulting contract that includes the name of the firm and the scope of the project and associated costs? **Response: The services sought in this RFP are not follow-up tasks from a current or previous consulting project.**
9. Could the Division describe the scope and quality of existing data available to assist with development of the plan? **Response: The Division will provide the contractor with data or access to databases relevant to completing the Long-Range Study. These databases include NC TOPPS, Client Data Warehouse, Integrated Payment and Reporting System (IPRS), Medicaid claim information, Report on Modeling Cost for the LME's. All datasets are complete and of high quality.**
10. Will the Pareto report on LME cost modeling referenced in Section F.8 available during the proposal preparation period? **Response: The Report on Modeling Cost for the LME's by Pareto Solutions can be made available during the proposal preparation period.**
11. Is there a consulting firm currently working with the Department on this project or a similar previous project?
Response: No
12. Has the Department established a budget for this project? **Response: Funding for this project has been identified but the specific budget will be dependent upon the successful bidder's cost proposal.**

SFY 06 Mental Health Trust Fund (MHTF) Utilization Plan

October 30, 2005

Line	SFY 06 Totals	SFY 06 Sub Amounts	Category of Utilization
1	3,153,797		Increase Community Capacity for Crisis Services: Funding needed in SFY06 in order to build additional community based crisis services. Adequate crisis services are critical to stabilize adults and children in the community and reduce/eliminate unnecessary commitments to State facilities.
2	1,627,627		Increase Community Capacity (Child MH/DD/SA): Funds needed to meet one-time costs associated with child intensive in-home needs previously committed via a competitive Request for Proposal (RFP) process in SFY05. LMEs have contracted with service providers to begin providing intensive in-home services in advance of approval of the new Enhanced Benefit service definitions by CMS. Intensive In-home services are specifically designed to reduce the need for children to be placed in more expensive out-of-home residential settings.
3	6,053,368		Increase Community Capacity (Hospital Downsizing): See 3a and 3b below.
3a		5,808,160	Funding to address community capacity service expansion in order to continue downsizing of the four State psychiatric hospitals. In SFY 07 and thereafter, recurring needs will be met by a transfer of downsizing savings to the community. Projects receiving funding are designed to reduce utilization of adult long-term beds or adult admission unit beds, the next two areas to be addressed through the Division's hospital downsizing plan.
3b		245,208	Contract for enhanced community based nursing care for individuals with mental illness.
4	1,408,123		Increase Community Capacity (Developmental Disabilities Centers Downsizing): SFY06 start-up cost for community capacity building in advance of DD Center downsizing. Allocated for start-up bridge funding needs for individuals leaving the State developmental disabilities centers. Recurring obligation will be defrayed via services under the CAP-MR/DD program. Per SB 622, Section 10.29(b)(3), Medicaid ICF/MR savings accruing to DMA's budget via downsizing will remain with DMA and be realigned into DMA's CAP-MR/DD budget.
5	1,094,423		Housing Initiative: See 5a and 5b below
5a		1,000,000	Funds needed for SFY06 to support housing initiative to increase local housing availability for individuals with mental illness, developmental disabilities and substance abuse problems. Will leverage an additional \$1.8m in other housing funds through a joint effort with the N.C. Housing Finance Agency. Funds will be managed by DHHS and allocated to the N.C. Housing Finance Agency (NCHFA) to increase the availability for housing for individuals with disabilities via rental assistance payments.
5b		94,423	Funding needed by DHHS for Real Choice Housing Grant project to continue commitment from SFY05. These funds are used in association with federal funds received by DHHS for the purpose of building additional housing capacity at the local level.
6	1,033,961		Alcohol and Drug Abuse Treatment Centers (ADATC) Acute Detoxification Operations: Operational cost at RJ Blackley ADATC for additional substance abuse detoxification; will also assist in diverting acute detoxification admissions from State hospitals to the ADATCs.
7	3,708,458		Reserve for New Regional Psychiatric Hospital
8	3,500,000		Reserve for ADATC Capital (HB 1414, Section 10.24): See 8a and 8b below
8a		1,830,000	WBJ ADATC (Greenville): Anticipate capital project completion in October 2006, with staffing to start in 1st quarter of SFY 07.
8b		1,670,000	JFK ADATC (Black Mountain): Anticipate capital project completion in January 2007, with staffing to start in 2nd quarter of SFY 07.
9	497,525		Partners in Autism Treatment and Habilitation (PATH) House at Murdoch (HB 1414, Section 10.23): Original amount of \$500,000 set aside for PATH in SFY05 with balance of \$497,525 anticipated to be used in SFY06 for construction.
10	1,500,000		LME System Transition for Provider Organization: Funds to assist service providers with one-time funding needs to support their efforts to build additional community capacity as service provision is divested from the LMEs to the private sector. Funds will help develop and stabilize a wider array of community based service providers.
11	1,133,528		Training/Planning/Evaluation: Support training related to system reform, new services definitions and evaluations; defray estimated cost for competitively bid proposals which address legislative requirements for (a) Long Term Plan for Meeting Mental Health, Developmental Disabilities and Substance Abuse Service Needs (SB 622, Section 10.24) and (b) Senate Bill 1152, Part VIII, "Study Financing of Mental Health, Developmental Disabilities, and Substance Abuse Services", Section 18.1.
12	24,710,810		GRAND TOTAL REQUESTED

14,310,810 SFY 05 Year End Balance - Including June 2005 Interest

10,000,000 New SFY 06 Appropriation

400,000 Anticipated Interest to be Earned During SFY 06 (July 06 thru May 06) Avg. \$34,000/mo.

24,710,810 Total Available

(24,710,810) Less: GRAND TOTAL REQUESTED from above (Line 12)

0 Undesignated Balance

12,355,405 = MHTF needed for 50% community capacity compliance per SB 622, Section 10.24(b) [\$24,710,810 (x) 50%]

3,153,797 Line 1: Community Capacity for Crisis Services

1,627,627 Line 2: Increase Community Capacity (Child MH/DD/SAS)

6,053,368 Line 3: Increase Community Capacity (Hospital Downsizing)

1,408,123 Line 4: Increase Community Capacity (DD Center Downsizing)

1,094,423 Line 5: Housing Initiative

13,337,338 Total Qualifying for Community Capacity Compliance